



6 Key Changes Under the Tax Reform Plan

1. Standard Deduction Increases

No matter your filing status, the standard deduction increases in 2018.

- Single and Married Filing Separately: \$12,000
- Married Filing Jointly: \$24,000
- Head of Household: \$18,000

2. Personal Exemption Eliminated

Under the tax reform, taxpayers can no longer claim the \$4,050 personal exemption for each of their dependents.

3. Child Tax Credit Rises

The Child Tax Credit increases in value from \$1,000 to \$2,000. The tax reform bill also introduces a new \$500 credit for non-child dependents.



4. State and Local Tax Deductions Capped

Taxpayers can deduct up to \$10,000 in state and local income taxes. Previously there was no cap.

5. Affordable Care Act Individual Mandate Repealed

Beginning in 2019, individuals who choose to go without healthcare coverage for the year will not have to pay tax penalties.

6. Mortgage Interest Deduction Decreases

Individuals who purchase a home in 2018 can only deduct interest up to \$750,000 in mortgage debt (previously \$1 million). The interest deduction on home-equity loans is eliminated.

Form **1040** (2017)

Harris County HFC
2018 MCC Program MCC Tax Savings Examples

Example 1			
	Single no children		
Borrower			
Single/Married			1
Children/ Dependents			0
Adjusted Gross Income			\$ 55,000
Exemption			\$ -
Standard Deduction			\$ 12,000
Taxable income			\$ 43,000
tax	base tax	\$ 38,700	\$ 4,453
	22%	\$ 4,300	\$ 946
Tax calculated			\$ 5,399
MCC			\$ 2,000
Tax Liability			\$ 3,399

MCC Savings \$2,000

Example 2			
	Married 1 child		
			2
			1
			\$ 70,000
			\$ -
			\$ 24,000
			\$ 46,000
		\$ 19,050	\$ 1,905
	12%	\$ 26,950	\$ 3,234
			\$ 5,139
MCC			\$ 2,000
child tax credit			\$ 2,000
			\$ 1,139

MCC Savings \$2,000

Example 3			
	Married 2 children		
			2
			2
			\$ 70,000
			\$ -
			\$ 24,000
			\$ 46,000
		\$ 19,050	\$ 1,905
	12%	\$ 26,950	\$ 3,234
			\$ 5,139
MCC			\$ 2,000
child tax credit			\$ 4,000
			\$ (861)

MCC Savings \$2,000

(\$2,800 child credit is refundable.)

MCC Calculation			
loan		\$ 140,000	
rate		4%	
interest		\$ 5,600	
MCC		\$ 2,000	
Deduction		\$ 3,600	